Volume 11 No. 9, May 16, 2005

CHAIRMAN'S MESSAGE - LEONARD BLOCKA

On behalf of Milk Board Members, I want to thank the many producers for coming out to the spring round of meetings, and actively participating in the discussions. The two-way dialogue was an important aspect of the producer meetings because they make an important contribution to the upcoming Board review of its various policies and programs. The new quota management policy was utmost in producers' minds during this transition year as provinces adjust to the new market realities.

The Board will be reviewing its policies and programs at its June meeting to ensure producers have the quota management tools to assist in more effectively managing their production in the new Dairy Year. As we approach the end of this Dairy Year, producers should focus on their production situation as it relates to allocation. Please be in touch with the Board office if assistance and advice is required.

The Western Milk Pool Members are placing high priority on developing and implementing a new fluid pricing mechanism which will harmonize prices across the four provinces. Intense discussions are underway with all industry stakeholders to develop a formula that maintains producers' share of the consumer food dollar, while providing for price stability and uniformity across the Western Milk Pool.

It is encouraging to note the strong and sustained growth in fluid milk consumption in the West. Credit must be given to effective promotion work for much of the increase in Class 1 sales. As a result, producers have received two quota increases over the last six months that are directly attributable to increased fluid milk consumption.

Trade negotiations are ongoing, with supply management under pressure to increase market access. Producer groups (including DFS) are maintaining pressure on government and trade negotiators to ensure supply management systems are safeguarded as we enter the next phase of the talks.

Milk Board Members appreciate receiving your thoughts and suggestions on a continuing basis. So please feel free to contact us directly, or speak to Board management at the office.

QUOTA EXCHANGE

The ninth butterfat Quota Exchange of the 2004-2005 dairy year was conducted on May 16, 2005. There was no market-clearing price for unused quota as there were no offers to purchase.

The market-clearing price for used quota was **$66.00**. The results of the May 2005 Quota Exchange are outlined in the following Tables.

The last monthly Quota Exchange for the 2004-2005 dairy year will be held on June 15, 2005. All offers to sell and bids to purchase quota through the Quota Exchange must be received at the Board office by midnight, June 6, 2005. The Board recommends that offers and bids be submitted well in advance of the deadline date to ensure adequate time for corrections, if necessary.

Just a reminder to producers that when making bids on the Quota Exchange, the price on offers to sell quota is the minimum price that the producer is prepared to accept for that quota. Only if the market-clearing price is equal to or greater than the producer's minimum price will that producer qualify for participation in the Exchange.

Conversely, the price on offers to purchase quota is the maximum price that the producer is prepared to pay for that quota. Only if the market-clearing price is equal to or less than the producer's maximum price will that producer qualify for participation in the Exchange.

The clearing price is established at the price where the smallest difference exists between the accumulated volume offered for sale and the accumulated volume bid to purchase. To determine the clearing price of Total Production Quota, the bids to buy may be adjusted to five percent of annual production quota issued. This is necessary to avoid price distortion from excessively large bids.

TABLE I

UNUSED QUOTA EXCHANGE (per kilogram of butterfat)

Market Clearing Price per kilogram of butterfat	**$ ------**
Kilograms offered to Purchase – total	**0**
Kilograms offered to purchase at 5% adjustment	**0**
Kilograms offered to Sell	**5,206**
Kilograms sold	**------**
Number of Producers	
- offered to purchase	**0**
- purchased quota	**0**
- offered to sell	**21**
- sold quota	**0**

UNUSED QUOTA EXCHANGE

Price ($/kg b.f.)	No. of Sellers	Cumulative Sellers	Kgs b.f. offered for sale	Cumulative sales	Cumulative Sales less Cumulative purchases	Cumulative purchases	Kgs b.f. offered to purchase	Cumulative Buyers	No. of buyers
65.00	2	2	350	350	350	0	0	0	0
70.00	1	3	189	539	539	0	0	0	0
76.50	1	4	800	1,339	1,339	0	0	0	0
79.00	7	11	1,545	2,884	2,884	0	0	0	0
80.00	2	13	281	3,165	3,165	0	0	0	0
85.00	8	21	2,041	5,206	5,206	0	0	0	0

TABLE II

USED QUOTA EXCHANGE (per kilogram of butterfat)

Market Clearing Price per kilogram of butterfat	**$ 66.00**
Kilograms offered to Purchase – total	**20,500**
Kilograms offered to Purchase – adjusted	**10,019**
Kilograms offered to Sell	**9,056**
Kilograms sold	**3,000**
Number of Producers	
- offered to purchase	**5**
- purchased quota	**1**
- offered to sell	**16**
- sold quota	**10**

USED QUOTA EXCHANGE

Price ($/kg b.f.)	No. of Sellers	Cumulative Sellers	Kgs b.f. offered for sale	Cumulative sales	Cumulative Sales less Cumulative purchases	Cumulative purchases	Kgs b.f. offered to purchase	Cumulative Buyers	No. of buyers
62.00	1	1	154	154	-9,865	10,019	0	4	0
62.10	1	2	1,200	1,354	-8,665	10,019	0	4	0
63.00	7	9	4,882	6,236	-3,783	10,019	753	4	1
64.00	0	9	0	6,236	-3,030	9,266	753	3	1
65.00	1	10	800	7,036	-1,477	8,513	753	2	1
66.00	**0**	**10**	**0**	**7,036**	**-724**	**7,760**	**3,000**	**1**	**1**
67.00	1	11	80	7,116	2,356	4,760	0	0	0
68.00	0	11	0	7,116	2,356	4,760	4,760	1	1
69.00	2	13	922	8,038	8,038	0	0	0	0
70.00	3	16	1,018	9,056	9,056	0	0	0	0

BUTTERFAT PRODUCTION AND COMPONENT PRICING, APRIL 2005

Butterfat production for April 2005 totalled approximately 674,147 kilograms. This was lower than March 2005 shipments. For the first nine months of the 2004-2005 dairy year, Saskatchewan's allocation of Total Production Quota totalled 6,179,709 kilograms. **In the first nine months, the province has shipped 98.85% of that amount**. The weighted average component tests and prices for the province in April are indicated in Table III.

TABLE III

Components	Average Test	Price per kilogram Class 2 to 5	Price per kilogram Class 1
Butterfat	3.6921	$9.4307	$5.30/kg
Protein	3.2569	$6.4304	$49.63 ($/hl)
Other solids (S.N.F.)	5.7681	$0.9077	$49.63 ($/hl)

Based on the average component tests for the province, the average price received was $64.9800 per hectolitre.

SASKATCHEWAN MILK POOL RESULTS April 2005
TABLE IV

Milk Sale Revenue	$ 11,901,593.72
Western Milk Pool	$ 42,910.10
Dairy Farmers of Canada Skim Off	$ - 17,020.86
Plant of Last Resort Service	$ - 56,716.68
Total Pool Value	**$ 11,870,766.28**

ACCOUNTING VALUES FOR CLASSES OF MILK – May 2005
TABLE V

	Butterfat ($/kg.)	**Skim value ($/hl)**	
Class 1a	$5.30	$49.63	
Class 1b	$5.30	$49.63	
Class 1c	$5.30	$43.52	
	Butterfat ($/kg.)	**Protein ($/kg.)**	**Other Solids ($/kg)**
Class 2	$7.2333	$5.1141	$5.1141
Class 3a	$7.2333	$11.9171	$0.7978
Class 3b	$7.2333	$11.6866	$0.7832
Class 4a, 4b, 4d & 4d(i)	$7.2333	$4.7347	$4.7347
Class 4a(i)	$7.2333	$1.2500	$1.2500
Class 4c	$7.2333	$3.9612	$3.9612
Class 4m	$0.00	$0.00	$0.00
Class 5a	$4.6325	$6.3387	$0.2631
Class 5b	$4.6325	$2.0392	$2.0392
Class 5c	$3.3740	$2.0000	$2.0000
Class 5d	**As determined by**	**the CDC**	

CLASS 1 PRICE MILK PRICE INCREASE

The Alberta Cost of Production formula is the pricing mechanism for targeting the Western Milk Pool Class 1 price. The Alberta Energy and Utilities Board (AEUB) considers this formula a useful guide to assist it in the exercise of its discretion in prescribing the minimum price of Class 1 milk. On April 29, 2005 the AEUB announced the price for Class 1 milk in Alberta increased by $0.98 per hl. to $70.09 per hl effective May 16, 2005.

The AEUB notes that since the last price adjustment, four cost factors in the fluid milk pricing formula have contributed to the increase in the computed price. Specifically, the Alberta Hay Price, Alberta Farm Wage, Fuel and Utilities Price and Western Canadian Milk Consumption.

Effective June 1, 2005, the Saskatchewan Milk Control Board will increase the price for Class 1 milk paid to Saskatchewan milk producers by $0.98 per hl.

QUOTA MANAGEMENT TABLES

As part of this mail-out, the Board is providing each producer butterfat and quota management Tables showing actual kilograms of milk and butterfat production and utilization for April of the 2004-2005 dairy year. These Tables also indicate the percentage of each producer's quota allocation utilized as well as the kilograms of butterfat produced by these shipments.

The Board will continue to provide these Tables on a monthly basis. We hope this information will assist producers with their management decisions regarding the utilization of their butterfat quota. If you have any questions concerning the information provided, please contact our office.

COMPONENT PRICING SPREADSHEET

Considerable interest was expressed in Dr. David Christensen's full component pricing of all milk spreadsheet presentation at the spring round of producer meetings. Several producers indicated an interest in learning more about its use, and its possible application to their dairy operations.

In response to this expression of interest, Dr. Christensen is prepared to conduct workshops in Saskatoon and/or Regina if sufficient numbers of producers indicate a willingness to participate.

The Board is also prepared to have staff available to provide a detailed explanation of producer's quota management sheets and their use in managing future production.

Please notify Dr. Christensen directly at (306) 966-4152 or the Board office at (306) 787-5319 if you would like to participate in a workshop.

QUOTA LISTING SERVICE

The Board offers a free quota listing service as part of its Newsletter. Anyone wishing to sell or purchase quota and/or cows or swap quota is welcome to contact the Board office at (306) 787-5319. All prices and negotiations will be independent of the Milk Control Board.

Quota for Sale

- Quota and cows for sale. Call Chris Hessdorfer @ (306) 289-4208
- Farm with cows and quota for sale. Call Tim Heatwole @ (306) 232-4931
- Holstein cows and quota. Call Perry or Preston Haanen @ (306) 329-4604 or 329-4981

Wanted to buy or swap

- Ian Phillips would like to buy 5,000 kilograms of unused quota and/or swap used for unused. Will trade cows. Phone (306) 933-4567

- George or John @ Scott Colony would like to purchase unused or swap used for unused quota. Phone (306) 247-2144

Would like to swap used for unused

- Ferch Farms — Phone (306) 736-2205
- Sandlake Colony - Joe or Willie — Phone (306) 298-2068 — approximately 700 kgs
- Leask Colony - Darius or Tim — Phone (306) 466-2303
- Earview Colony - Dave — Phone (306) 672-3516
- Rosetown Colony - Philip — Phone (306) 882-3112
- Springlake Colony - Jake — Phone (306) 627-3326
- Simon Hiemstra — Phone (306) 493-2371
- John Thiessen — Phone (306) 946-2339 — approximately 1,500 kgs
- Darrel & Warren Fisher — Phone (306) 725-4280
- West Bench Colony - Joe — Phone (306) 295-4135 — approximately 1,500 kgs
- Emile Marquette — Phone (306) 327-5736
- Florian Hagman — Phone (306) 749-2879
- Roger Genoway — Phone (306) 593-2289
- Stan or Jayden Sinclair — Phone (306) 332-4220 — approximately 1,000 kgs
- Isaac Klassen — Phone (306) 249-4435
- Bob Penrose — Phone (306) 946-2268
- Andy Szejvolt — Phone (306) 382-6917
- Henry Ens — Phone (306) 239-4304
- Jim Ross — Phone (306) 697-2232
- Daryl Maurer — Phone (306) 697-3121 — 500 – 700 kgs
  Phone #2 (306) 697-3169
- Sovereign Colony - Tim — Phone (306) 882-2447 — approximately 1,000 kgs
- Hodgeville Colony – Paul — Phone (306) 677-2232 — approximately 500 kgs
- Smiley Hutt. Brethren – Leonard — Phone (306) 838-2030
- Dale Neudorf — Phone (306) 225-5880 — approximately 3,000 kgs

For Sale

- Dairy Hay and 6 Holstein heifers to calve in October or November
  - contact Martin Sondergaard (306) 547-2205

- 8 Holstein heifers calving approximately September 15th and 23 open heifers
  - contact Del Mealing (306) 693-2543

- 1995 Muller Bulk Tank 2000 gallon
  - contact Kevin Lischka at (306) 487-2663 or (306) 487-3227

- 20 head of young Holstein cows and bred heifers and 4 breeding age bulls
  - contact Les Fornwald at (306) 487-2784

- A Westfalian Systemat Tank 1000 gallon
  - contact Earl or Scott at Eaglewood Holsteins at (306) 329-4394

MILK CONTROL BOARD MEMBERS

Leonard Blocka, Chairman	Dairy producer
Dr. David Christensen	Dairy researcher/professor U of S
Joseph Guenther	Dairy producer
David Finlay	Dairy producer
Garf Stevenson	Consumer representative
Joanne Mortenson	Processor representative

For further information, please contact the Saskatchewan Milk Control Board office.

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